

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

USTR PRESS RELEASES ARE AVAILABLE ON THE USTR WEBSITE AT WWW.USTR.GOV.

**FOR IMMEDIATE RELEASE:
DECEMBER 20, 2001**

**01-115
CONTACT: RICHARD MILLS
202-395-3230**

**United States Imposes \$75 Million in Tariffs on Ukraine for
Continued Piracy of Sound Recordings and Optical Media**

WASHINGTON – The United States Government today announced that it is placing prohibitive tariffs on \$75 million worth of metals, footwear, and other imports from Ukraine because of its failure to enact legislation to crack down on sound recording and optical media piracy. The sanctions will offset United States government estimates of the amount of annual damages that this piracy of optical media (CDs, CD-ROMs, DVDs, etc.), which includes unauthorized licensing and production, has caused to Americans.

“The United States is moving forcefully to protect its rights. We’ve worked with Ukraine over the past two years to avoid enacting sanctions. We hope Ukraine will now redouble its efforts to deal with intellectual property rights piracy and pass the legislation needed to allow us to lift sanctions,” said U.S. Trade Representative Robert B. Zoellick. “However, Ukraine has still not fulfilled its commitments to pass adequate legislation to stop the unlicensed production of optical media products.”

“We take piracy of U.S. intellectual property seriously. So does the WTO, which Ukraine wants to join. But without adequate intellectual property rights legislation, it is difficult to see how Ukraine can address either America’s concerns or WTO rules,” added Ambassador Zoellick.

Despite discussions with Ukrainian government officials over the past two years and a commitment by Ukraine to address the problem of rampant intellectual property rights (IPR) piracy, the unauthorized reproduction of sound recordings and other optical disk media continues unabated.

Background:

Ukraine's exports of unauthorized compact discs (CDs) are disrupting markets. For over two years,

the United States has been urging Ukraine to take measures to stop this piracy and prevent its recurrence. Despite the commitments Ukraine made as part of the June 2000 U.S.-Ukraine Joint Action Plan to Combat Optical Media Piracy in Ukraine, the Ukrainian Government has failed to curtail the piracy. The two principal elements of this Joint Action Plan were that Ukraine (1) would immediately use its existing law enforcement authority to stop the piracy, and (2) by November 2000 would establish an optical media licensing regime, which would serve to prevent a subsequent recurrence.

Ukraine has yet to enact and implement legislation for the licensing of optical media production. Credible reports indicate that large volumes of optical media products continue to be pirated in Ukraine. In response, Ukraine was designated a priority foreign country under the provisions of Special 301 in March, and lost its Generalized System of Benefits (GSP) beneficiary status in August. The products covered by increased duties will be specified in a Federal Register notice and posted to the USTR website on December 21, 2001. The increased duties will go into effect on January 23, 2002.

#